

Title Guaranty Division Board Meeting Minutes

September 12, 2006

Board Members Present:

Berneil Preul (by phone)
Catherine Hult (by phone)
Walter Murphy (by phone)
Surasee Rodari

Staff Members Present:

Loyd Ogle, TGD Director
Matt White, TGD Deputy Director
Becky Petersen, TGD Director of Field
Operations
Linda Berg, TGD Director of Business
Development
Lon Kobernusz, IFA Accountant
Mark Thompson, IFA General Counsel
Dennis Dietz, IFA Director of Governmental
Policy
Callie Sheil, IFA Secretary

Others Present:

Grant Dugdale – Attorney General's Office
Bob McCloney – Iowa Land Title Association

Call to Order

Ms. Preul called the September 12, 2006, meeting of the Title Guaranty Board of Directors to order at 10:37 a.m.

Review & Approval of Board Meeting Minutes

Motion: On a motion by Ms. Hult, seconded by Mr. Murphy, the Board unanimously approved the May 23, 2006, Board meeting minutes.

Review & Approval of Financial Reports

Mr. Ogle discussed the financial report with the Board.

Motion: On a motion by Mr. Rodari, seconded by Ms. Hult, the Board unanimously approved the Financial Report.

Transfer of Funds to IFA's Housing Programs

Mr. Ogle informed the Board that recommended transfer of funds to IFA's Housing Programs be \$309,000.

Motion: On a motion by Mr. Murphy, seconded by Mr. Rodari, the Board unanimously approved the transfer of \$309,000 to IFA's Housing Programs.

Director's Report

Mr. Ogle gave the director's report. He informed the Board that TGD and IFA are moving to a new office building they are purchasing.

This fall, the actuarial company Demotech will visit. Demotech believes that TGD does not need to reinsure its residential transactions. It would give TGD more flexibility in underwriting. TGD is also looking at an indemnity agreement in regard to new construction. Builders would sign agreements so people in the field would not have to track down mechanic lien waivers.

Closing Protection Letter Program

Mr. Ogle said that the IFA Board of Directors noticed a draft some time ago of the administrative rules regarding this program. The IFA Board has rule-making authority, while the TGD Board has the statutory authority to approve the policies and procedures implementing the administrative rules. Under this program, Title Guaranty will insure that the closer is closing the loans and disbursing the funds pursuant to the instructions from the lender. It was recommended by Mr. Ogle that the TGD Board recommend the administrative rules for approval by the IFA Board at its next meeting, and that the TGD Board approve the policies and procedures of the program pending approval by the IFA Board.

Motion: On a motion by Mr. Rodari, seconded by Mr. Murphy, the Board unanimously approved recommending that the IFA Board approve the administrative rules for the Closing Protection Letter Program

Motion: On a motion by Mr. Murphy and seconded by Mr. Rodari, the Board unanimously approved the policies and procedures of the Closing Protection Letter Program.

Deputy Director's Report

Mr. White gave the Deputy Director's Report. At the end of Fiscal Year 2006, TGD paid a little more than \$180,000 in claims. Since the last Board meeting, there have been approximately 11 new claims.

Mr. White discussed the Mortgage Release Program. It has been relatively steady, perhaps a little increased since the last Board meeting. Some of TGD's new programs use the Mortgage Release Program. More attorneys and abstractors involved in doing Title Guaranty certificates where the Rapid Certificate Program is used will bring in the Mortgage Release Program, which will increase the amount of times it is used. The Closing Protection Letter also involves the Mortgage Release Program for those that do not get released in six months.

Business Development Director's Report

Ms. Berg gave the Business Development Director's Report. The big focus is on the Fall Conference to be held November 15 in Cedar Rapids. She also discussed her marketing efforts. The one area she is emphasizing is the whole idea of offering service to TGD's number one customer, the lender. Lenders are being required more and more to have final documents, including Title Guaranty certificates, to their investors within 60-90

days. Lenders are looking for issuers in the field who can issue certificates with Rapid Release, and lenders will be driving the TGD program more and more.

Ms. Preul turned the meeting over to Mr. Rodari.

Other Issues

Mr. Ogle addressed the issue of Pottawattamie County. Title Guaranty has not been used in Council Bluffs at any significant level because of the absence of abstracts in that county. TGD needs to enter that market. TGD is not fulfilling its statutory mandate of facilitating loans to the secondary market or maintaining integrity of the land title system there since TGD is not in the market. TGD has come up with a proposal to enter that market after discussion with abstractors and attorneys there. TGD is coming up with a special product for Pottawattamie County, and it would not be available anywhere else in the state.

Ms. Petersen said the goal was to come up with a comprehensive search. This search is a root of title search. A participating abstractor will do the search and deliver it to a participating attorney. The participating attorney will then examine it and make a recommendation as to what needs to be done in order to close on the property. Then the abstractor or the attorney will issue Title Guaranty commitments and certificates based on the search.

The Board discussed the issue, along with Mr. McCloney. Action will be taken at a later time.

Mr. Ogle discussed development of a true commercial product. Commercial transactions are problematic for a number of reasons. Several staff members are currently working on implementing a commercial product.

Mr. Thompson said this was a telephonic meeting and the open meetings act says whenever a telephonic meeting is held, the minutes should reflect why that was done. In this case, the meeting was held telephonically because of the impracticality of bringing all of the Board members together in person.

Next Meeting Date and Time

The next Board meeting will be December 5, 2006, at 10:30 a.m.

Adjournment

Motion: On a motion by Ms. Hult, seconded by Mr. Murphy, the Board unanimously voted to adjourn at 12:04 p.m.

Dated this December 5, 2006,

Respectively submitted:

Loyd W. Ogle, Director
Title Guaranty Division

Approved as to form:

Mitch Taylor, Chair
Title Guaranty Division